

FIRST REGULAR SESSION

SENATE BILL NO. 362

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS SHOEMYER, BARNITZ, CALLAHAN, DAYS,
COLEMAN, BRAY, SMITH, GRAHAM, KENNEDY,
GREEN, JUSTUS AND WILSON.

Read 1st time January 24, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

1684S.021

AN ACT

To repeal sections 173.200, 173.203, 173.205, 173.210, 173.215, 173.225, 173.230, 173.250, 173.360, 173.385, 173.425, 173.810, 173.813, 173.816, 173.820, 173.825, 173.827, and 173.830, RSMo, and to enact in lieu thereof thirteen new sections relating to higher education funding, with an emergency clause.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 173.200, 173.203, 173.205, 173.210, 173.215, 173.225, 173.230, 173.250, 173.360, 173.385, 173.425, 173.810, 173.813, 173.816, 173.820, 173.825, 173.827, and 173.830, RSMo, are repealed and thirteen new sections enacted in lieu thereof, to be known as sections 173.250, 173.360, 173.377, 173.385, 173.406, 173.425, 173.1110, 173.1112, 173.1114, 173.1116, 173.1118, 173.1120, and 173.1122, to read as follows:

173.250. 1. There is hereby established a "Higher Education Academic Scholarship Program" and any moneys appropriated by the general assembly for this program shall be used to provide scholarships for Missouri citizens to attend a Missouri college or university of their choice pursuant to the provisions of this section.

2. The definitions of terms set forth in section 173.205 shall be applicable to such terms as used in this section. The term "academic scholarship" means an amount of money paid by the state of Missouri to a qualified college or university student who has demonstrated superior academic achievement pursuant to the provisions of this section.

3. The coordinating board for higher education shall be the administrative agency for the implementation of the program established by this section, and

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

13 shall:

14 (1) Promulgate reasonable rules and regulations for the exercise of its
15 functions and the effectuation of the purposes of this section, including
16 regulations for granting scholarship deferments;

17 (2) Prescribe the form and the time and method of awarding academic
18 scholarships, and shall supervise the processing thereof; and

19 (3) Select qualified recipients to receive academic scholarships, make such
20 awards of academic scholarships to qualified recipients and determine the
21 manner and method of payment to the recipient.

22 4. A student shall be eligible for initial or renewed academic scholarship
23 if he or she is in compliance with the eligibility requirements set forth in section
24 173.215 excluding the requirement of financial need and undergraduate status,
25 and in addition meets the following requirements:

26 (1) Initial academic scholarships shall be offered in the academic year
27 immediately following graduation from high school to Missouri high school seniors
28 whose composite scores on the American College Testing Program (ACT) or the
29 Scholastic Aptitude Test (SAT) of the College Board are in the top three percent
30 of all Missouri students taking those tests during the school year in which the
31 scholarship recipients graduate from high school. In the freshman year of college,
32 scholarship recipients are required to maintain status as a full-time student;

33 (2) Academic scholarships are renewable if the recipient remains in
34 compliance with the applicable provisions of section 173.215 and the recipient
35 makes satisfactory academic degree progress as a full-time student.

36 5. A student who is enrolled or has been accepted for enrollment as a
37 postsecondary student at an approved private or public institution beginning with
38 the fall, 1987, term and who meets the other eligibility requirements for an
39 academic scholarship shall, within the limits of the funds appropriated and made
40 available, be offered an academic scholarship in the amount of [two] **at least**
41 **four** thousand dollars for the first academic year of study, which scholarship
42 shall be renewable in the amount of [two] **at least four** thousand dollars
43 annually for the second, third and fourth academic years or as long as the
44 recipient is in compliance with the applicable eligibility requirements set forth
45 in section 173.215, provided those years of study are continuous and the student
46 continues to meet eligibility requirements for the scholarship; provided, however,
47 if a recipient ceases all attendance at an approved public or private institution
48 for the purpose of providing service to a nonprofit organization, a state or federal

49 government agency or any branch of the armed forces of the United States, the
50 recipient shall be eligible for a renewal scholarship upon return to any approved
51 public or private institution, provided the recipient:

52 (1) Returns to full-time status within twenty-seven months;

53 (2) Provides verification in compliance with coordinating board for higher
54 education rules that the service to the nonprofit organization was satisfactorily
55 completed and was not compensated other than for expenses or that the service
56 to the state or federal governmental agency or branch of the armed forces of the
57 United States was satisfactorily completed; and

58 (3) Meets all other requirements established for eligibility to receive a
59 renewal scholarship.

60 6. A recipient of academic scholarship awarded under this section may
61 transfer from one approved Missouri public or private institution to another
62 without losing eligibility for the scholarship. If a recipient of the scholarship at
63 any time withdraws from an approved private or public institution so that under
64 the rules and regulations of that institution he or she is entitled to a refund of
65 any tuition, fees or other charges, the institution shall pay the portion of the
66 refund attributable to the scholarship for that term to the coordinating board for
67 higher education.

68 7. Other provisions of this section to the contrary notwithstanding, if a
69 recipient has been awarded an initial academic scholarship pursuant to the
70 provisions of this section but is unable to use the scholarship during the first
71 academic year because of illness, disability, pregnancy or other medical need or
72 if a recipient ceases all attendance at an approved public or private institution
73 because of illness, disability, pregnancy or other medical need, the recipient shall
74 be eligible for an initial or renewal scholarship upon enrollment in or return to
75 any approved public or private institution, provided the recipient:

76 (1) Enrolls in or returns to full-time status within twenty-seven months;

77 (2) Provides verification in compliance with coordinating board for higher
78 education rules of sufficient medical evidence documenting an illness, disability,
79 pregnancy or other medical need of such person to require that that person will
80 not be able to use the initial or renewal scholarship during the time period for
81 which it was originally offered; and

82 (3) Meets all other requirements established for eligibility to receive an
83 initial or a renewal scholarship.

173.360. In order to assure that all eligible postsecondary education

2 students have access to **low cost** student loans that are guaranteed or insured,
3 or both, **and to have access to grants and scholarships to the extent**
4 **practicable** there is hereby created a body politic and corporate to be known as
5 the "Higher Education Loan Authority of the State of Missouri". **Ensuring that**
6 **all eligible postsecondary education students have access to low cost**
7 **student loans that are guaranteed or insured, or both, and to have**
8 **access to grants, scholarships, and loan forgiveness programs to the**
9 **extent practicable shall be the priority of the authority.** The authority
10 is hereby constituted a public instrumentality and body corporate, and the
11 exercise by the authority of the powers conferred by sections 173.350 to 173.450
12 shall be deemed to be the performance of an essential public function. The
13 authority shall consist of seven members, five of whom shall be appointed by the
14 governor by and with the advice and consent of the senate, each of whom shall be
15 a resident of the state; and a member of the coordinating board; and the
16 commissioner of higher education. In making appointments to the authority, the
17 governor shall take into consideration nominees recommended to him for
18 appointment by the chairman of the coordinating board. Two of the appointed
19 members shall be representatives of higher education institutions, one public and
20 one private, in Missouri, two of the appointed members shall be representatives
21 of lending institutions in Missouri, and one of the appointed members shall be
22 representative of the public. The members of the authority first appointed by the
23 governor shall be appointed to serve for terms of one, two, three, four and five
24 years, respectively, from the date of appointment, or until their successors shall
25 have been appointed and shall have qualified. The initial term of each member
26 is to be designated by the governor at the time of making the appointment. Upon
27 the expiration of the initial terms of office, successor members shall be appointed
28 for terms of five years and shall serve until their successors shall have been
29 appointed and shall have qualified. Any member shall be eligible for
30 reappointment. The governor shall fill any vacancy in the authority for the
31 members he appoints for the remainder of the unexpired term. Any member of
32 the authority may be removed by the governor for misfeasance, malfeasance,
33 willful neglect of duty, or other cause after notice and a public hearing unless the
34 notice or hearing shall be expressly waived in writing.

173.377. **The board and its members owe a fiduciary duty to**
2 **postsecondary students to ensure that all eligible postsecondary**
3 **education students have access to low cost student loans that are**

4 **guaranteed or insured, or both, and to have access to grants,**
5 **scholarships, and loan forgiveness programs to the extent practicable.**
6 **In determining whether the board and its members have exercised the**
7 **judgment required of them as board members and have exercised due**
8 **diligence in their duties as board members, this fiduciary duty shall be**
9 **the sole criteria.**

173.385. The authority shall have the following powers, together with all
2 powers incidental thereto or necessary for the performance thereof:

3 (1) To have perpetual succession as a body politic and corporate;

4 (2) To adopt bylaws for the regulation of its affairs and the conduct of its
5 business;

6 (3) To sue and be sued and to prosecute and defend, at law or in equity,
7 in any court having jurisdiction of the subject matter and of the parties;

8 (4) To have and to use a corporate seal and to alter the same at pleasure;

9 (5) To maintain an office at such place or places in the state of Missouri
10 as it may designate;

11 (6) To issue bonds or other forms of indebtedness to obtain funds to
12 purchase student loan notes or finance student loans, or both, including those
13 which are guaranteed under the provisions of sections 173.095 to 173.187, or
14 under the provisions of the federal Higher Education Act of 1965, as amended, or
15 secondary education loans, or scholarships which have been converted to loans
16 under the Missouri teacher education scholarship program provided for in
17 sections 160.276 to 160.283, RSMo. Such bonds or other forms of indebtedness
18 shall be payable from and secured by a pledge of revenues derived from or by
19 reason of the ownership of student loan notes or financing of student loans, or
20 both, and investment income or shall be payable from and secured as may be
21 designated in a bond resolution authorized by the authority. Such bonds or other
22 forms of indebtedness shall not constitute a debt or liability of the state of
23 Missouri or of any political subdivision thereof;

24 (7) To cause proceeds of any bond or any other form of indebtedness to be
25 used to purchase student loan notes or finance student loans, or both, including
26 those which are guaranteed under section 173.110, or guaranteed under the
27 federal Higher Education Act of 1965, as amended, or secondary education loans,
28 or scholarships which have been converted to loans under the Missouri teacher
29 education scholarship program provided for in sections 160.276 to 160.283, RSMo;

30 (8) To sell or enter into agreements to sell student loan notes acquired

31 pursuant to subdivision (7) of this section, and any agreement to sell student loan
32 notes guaranteed under section 173.110 shall be subject to prior approval of the
33 department. [Such agreements to sell student loan notes shall be limited only by
34 the terms of the bond resolution authorizing the issue of the bonds or other forms
35 of indebtedness, but shall not be limited by any other provision of law limiting
36 the sale of such student loan notes] **Any sale under this subdivision shall be**
37 **limited to solely further the fiduciary duty placed upon the board by**
38 **section 173.377 and by the terms of the bond resolution authorizing the**
39 **issue of bonds or other forms of indebtedness;**

40 (9) To accept appropriations, gifts, grants, bequests, and devises and to
41 utilize or dispose of the same to carry out its purpose;

42 (10) To make and execute contracts, releases, compromises, and other
43 instruments necessary or convenient for the exercise of its powers, or to carry out
44 its purpose;

45 (11) To collect reasonable fees and charges in connection with making and
46 servicing its loans, notes, bonds, obligations, commitments, and other evidences
47 of indebtedness, and in connection with providing technical, consultative and
48 project assistant services. Such fees and charges shall be used to pay the costs
49 of the authority;

50 (12) To invest any funds not required for immediate disbursement in
51 obligations of the state of Missouri or of the United States government or any
52 instrumentality thereof, the principal and interest of which are guaranteed by the
53 state of Missouri, or the United States government or any instrumentality
54 thereof, or certificates of deposit or time deposits of federally insured banks, or
55 federally insured savings and loan associations or of insured credit unions, or,
56 with respect to moneys pledged or held under a trust estate or otherwise
57 available for the owners of bonds or other forms of indebtedness, any investment
58 authorized under the bond resolution governing the security and payment of such
59 obligations or repurchase agreements for the specified investments;

60 (13) To acquire, hold and dispose of personal property for its purposes;

61 (14) To enter into agreements or other transactions with any federal or
62 state agency, any person and any domestic or foreign partnership, corporation,
63 association or organization;

64 (15) To take any necessary actions to be qualified to issue tax-exempt
65 bonds or other forms of tax-exempt indebtedness pursuant to the applicable
66 provisions of the Internal Revenue Code of 1986, as amended;

67 (16) To take any necessary actions to be qualified to issue bonds or other
68 forms of indebtedness, the interest on which is not exempt from federal income
69 taxation;

70 (17) To service student loans for any owner thereof, regardless of whether
71 such student loans are originated in this state or out of this state.

**173.406. 1. The authority shall, by June thirtieth of each year,
2 transfer an amount equal to one and one-half percent of the assets of
3 the authority to the funds described in subsection 2 of this section. For
4 purposes of this section, "assets of the authority" shall mean any asset
5 or investment of any kind owned by the authority, including, but not
6 limited to, any student loan, any income or revenues derived from any
7 asset or investment owned by the authority, any funds, income, fees,
8 revenues, proceeds of all bonds, or other forms of indebtedness.**

**9 2. Of the annual amount required to be transferred under
10 subsection 1 of this section, moneys shall be distributed as follows:**

**11 (1) Eighteen percent to the credit of the academic scholarship
12 fund;**

**13 (2) Twelve percent to the credit of the department of health
14 donated fund for the purpose of funding the primary care resource
15 initiative program; and**

**16 (3) Seventy percent to the credit of the Gallagher teach and heal
17 fund.**

**18 3. Moneys from the general revenue fund shall annually be used
19 to pay debt service on bonds issued by the state after July 1, 2007, for
20 capital projects at institutions of higher education in an amount not to
21 exceed the amount of general revenue transferred to the fund in
22 subdivision (1) of subsection 2 of this section, the student grant fund,
23 and the Missouri college guarantee fund for fiscal year 2007.**

**173.425. The proceeds of all bonds or other forms of indebtedness issued
2 by the authority and of all fees permitted to be charged by the authority and of
3 other revenues derived shall not be considered to be part of the revenue of the
4 state within the meaning of article III, section 36, of the Constitution of Missouri,
5 shall not be required to be deposited into the state treasury, and shall not be
6 subject to appropriation by the general assembly. All proceeds, fees, and
7 revenues shall only be used for administering student loans, lowering
8 student loan rates, forgiving student loans, and for the proper
9 administration of the authority. The proceeds, fees, and revenue shall**

10 remain under the exclusive control and management of the authority to be used
11 as required pursuant to sections 173.350 to 173.450. Student loan notes
12 purchased or financed shall not be considered to be public property.

173.1110. The financial assistance program established under
2 sections 173.1110 to 173.1122 shall be hereafter known as the "Gallagher
3 Teach and Heal Grant Program". The coordinating board and all
4 approved private and public institutions in this state shall refer to the
5 financial assistance program established under sections 173.1110 to
6 173.1122 as the Gallagher teach and heal student financial assistance
7 program in their scholarship literature, provided that no institution
8 shall be required to revise or amend any such literature to comply with
9 this section prior to the date such literature would otherwise be
10 revised, amended, reprinted or replaced in the ordinary course of such
11 institution's business.

173.1112. As used in sections 173.1110 to 173.1122, unless the
2 context requires otherwise, the following terms mean:

3 (1) "Academic year", the period from August first of any year
4 through June thirtieth of the following year;

5 (2) "Approved private institution", a nonprofit institution,
6 dedicated to educational purposes, located in Missouri which:

7 (a) Is operated privately under the control of an independent
8 board and not directly controlled or administered by any public agency
9 or political subdivision;

10 (b) Provides a postsecondary course of instruction at least six
11 months in length leading to or directly creditable toward a certificate
12 or degree;

13 (c) Meets the standards for accreditation as determined by either
14 the Higher Learning Commission or by other accrediting bodies
15 recognized by the United States Department of Education or by
16 utilizing accreditation standards applicable to nondegree-granting
17 institutions as established by the coordinating board for higher
18 education;

19 (d) Does not discriminate in the hiring of administrators, faculty
20 and staff or in the admission of students on the basis of race, color,
21 religion, sex, or national origin and is in compliance with the Federal
22 Civil Rights Acts of 1964 and 1968 and executive orders issued pursuant
23 thereto. Sex discrimination as used herein shall not apply to admission

- 24 practices of institutions offering the enrollment limited to one sex;
- 25 (e) Permits faculty members to select textbooks without
26 influence or pressure by any religious or sectarian source;
- 27 (3) "Approved public institution", an educational institution
28 located in Missouri which:
- 29 (a) Is directly controlled or administered by a public agency or
30 political subdivision;
- 31 (b) Receives appropriations directly or indirectly from the
32 general assembly for operating expenses;
- 33 (c) Provides a postsecondary course of instruction at least six
34 months in length leading to or directly creditable toward a degree or
35 certificate;
- 36 (d) Meets the standards for accreditation as determined by
37 either the Higher Learning Commission, or if a public community
38 college created under the provisions of sections 178.370 to 178.400,
39 RSMo, meets the standards established by the coordinating board for
40 higher education for such public community colleges, or by other
41 accrediting bodies recognized by the United States Department of
42 Education or by utilizing accreditation standards applicable to the
43 institution as established by the coordinating board for higher
44 education;
- 45 (e) Does not discriminate in the hiring of administrators, faculty
46 and staff or in the admission of students on the basis of race, color,
47 religion, sex, or national origin and is otherwise in compliance with the
48 Federal Civil Rights Acts of 1964 and 1968 and executive orders issued
49 pursuant thereto;
- 50 (f) Permits faculty members to select textbooks without influence
51 or pressure by any religious or sectarian source;
- 52 (4) "Coordinating board", the coordinating board for higher
53 education;
- 54 (5) "Expected family contribution", the amount of money a
55 student and family should pay toward the cost of postsecondary
56 education as calculated by the United States Department of Education
57 and reported on the student aid report or the institutional student
58 information record;
- 59 (6) "Financial assistance", an amount of money paid by the state
60 of Missouri to a qualified applicant under sections 173.1110 to 173.1122;

61 (7) "Full-time student", an individual who is enrolled in and is
62 carrying sufficient number of credit hours or their equivalent at an
63 approved private or public institution to secure the degree or
64 certificate toward which he or she is working in no more than the
65 number of semesters or their equivalent normally required by that
66 institution in the program in which the individual is enrolled;

67 (8) "Pell grant", the need-based grant awarded pursuant to the
68 Higher Education Act of 1965, as amended, Title IV, Part A, Subpart 1,
69 20 U.S.C. 1070a.

173.1114. 1. The coordinating board shall be the administrative
2 agency for the implementation of the program established by sections
3 173.1110 to 173.1122. The coordinating board shall promulgate
4 reasonable rules and regulations for the exercise of its functions and
5 the effectuation of the purposes of sections 173.1110 to 173.1122. It
6 shall prescribe the form and the time and method of filing applications
7 and supervise the processing thereof. The coordinating board shall
8 determine the criteria for eligibility of applicants and shall evaluate
9 each applicant's expected family contribution. It shall select qualified
10 recipients to receive financial assistance, make such awards of
11 financial assistance to qualified recipients, and determine the manner
12 and method of payment to the recipient.

13 2. The coordinating board shall determine eligibility for renewed
14 assistance on the basis of annual applications and annual evaluations
15 of expected family contribution.

173.1116. 1. An applicant shall be eligible for initial or renewed
2 financial assistance only if, at the time of application and throughout
3 the period during which the applicant is receiving such assistance, the
4 applicant:

- 5 (1) Is a citizen or a permanent resident of the United States;
- 6 (2) Is a resident of the state of Missouri, as determined by
7 reference to standards promulgated by the coordinating board;
- 8 (3) Is enrolled, or has been accepted for enrollment, as a full-time
9 undergraduate student in an approved private or public institution;
- 10 (4) Establishes that he or she has financial need;
- 11 (5) Is not enrolled or does not intend to use the award to enroll
12 in a course of study leading to a degree in theology or divinity; and
- 13 (6) Has not been found guilty of or pled guilty to any criminal

14 **offense.**

15 **2. Financial assistance shall be allotted for one academic year,**
16 **but a recipient shall be eligible for renewed assistance until he or she**
17 **has obtained a baccalaureate degree, provided such financial assistance**
18 **shall not exceed a total of ten semesters or fifteen quarters or their**
19 **equivalent. Standards of eligibility for renewed assistance shall be the**
20 **same as for an initial award of financial assistance, except that for**
21 **renewal, an applicant shall demonstrate a grade-point average of two**
22 **and five-tenths on a four-point scale, or the equivalent on another**
23 **scale. This subsection shall be construed as the successor to section**
24 **173.215 for purposes of eligibility requirements of other financial**
25 **assistance programs that refer to section 173.215.**

173.1118. 1. Beginning with the 2007-2008 academic year, an
2 **applicant who is an undergraduate postsecondary student at an**
3 **approved private or public institution and who meets the other**
4 **eligibility criteria shall be entitled to financial assistance, with a**
5 **minimum and maximum award as follows:**

6 **(1) One thousand dollars maximum and three hundred dollars**
7 **minimum for students attending institutions classified as part of the**
8 **public two-year sector;**

9 **(2) Two thousand one hundred fifty dollars maximum and one**
10 **thousand dollars minimum for students attending institutions classified**
11 **as part of the public four-year sector; and**

12 **(3) Four thousand six hundred dollars maximum and two**
13 **thousand dollars minimum for students attending approved private**
14 **institutions.**

15 **2. All students with an expected family contribution of twelve**
16 **thousand dollars or less shall receive at least the minimum award**
17 **amount for the appropriate institutional sector.**

18 **3. Maximum award amounts for an eligible student with an**
19 **expected family contribution above seven thousand dollars shall be**
20 **reduced by ten percent of the student's expected family contribution.**

21 **4. Maximum award amounts for an eligible student shall be**
22 **reduced by an amount equal to thirty-five percent of the federal Pell**
23 **Grant received by that student.**

24 **5. Notwithstanding the provisions of subsection 2 of this section,**
25 **actual award amounts shall be reduced by the amount of a student's**

26 reimbursement pursuant to section 160.545, RSMo.

27 6. If appropriated funds are insufficient to fund the program as
28 described, the maximum award shall be reduced across all sectors by
29 the percentage of the shortfall. If appropriated funds exceed the
30 amount necessary to fund the program, the additional funds shall be
31 used in the following manner: one-sixth shall be used to raise the cutoff
32 for the expected family contribution in subsection 2 of this section; one-
33 sixth shall be used to reduce the expected family contribution
34 reduction in subsection 3 of this section beginning with students at
35 seven thousand dollars of expected family contribution and proceeding
36 to students at higher expected family contributions; and two-thirds
37 shall be used to reduce the percent of Pell Grant reduction in
38 subsection 4 of this section.

39 7. If appropriated funds exceed the amount necessary to fund the
40 program and eliminate the Pell Grant deduction any additional
41 appropriations shall be used to increase maximum award amounts by
42 equal percentages.

43 8. The award amount may be adjusted to increase no more than
44 the consumer price index for all urban consumers for the United States
45 as defined and officially recorded by the United States Department of
46 Labor, or its successor agency, for the previous academic year. Should
47 available appropriations exceed the amount necessary to increase the
48 award amount, the coordinating board may extend the application
49 deadline to increase the number of eligible applicants. The
50 coordinating board shall prepare a report prior to the legislative
51 session for use of the general assembly and the governor in
52 determining budget requests which shall include the amount of funds
53 necessary to maintain full funding of the program based on the baseline
54 established for the program upon the passage of sections 173.1110 to
55 173.1122.

 173.1120. A recipient of financial assistance may transfer from
2 one approved public or private institution to another without losing
3 eligibility for assistance under sections 173.1110 to 173.1122, but the
4 coordinating board shall make any necessary adjustments in the
5 amount of the award. If a recipient of financial assistance at any time
6 is entitled to a refund of any tuition, fees, or other charges under the
7 rules and regulations of the institution in which he or she is enrolled,

8 the institution shall pay the portion of the refund which may be
9 attributed to the state grant to the coordinating board. The
10 coordinating board will use these refunds to make additional awards
11 under the provisions of sections 173.1110 to 173.1122.

173.1122. The provisions of section 23.253, RSMo, shall not apply
2 to sections 173.1110 to 173.1122.

[173.200. The general assembly, giving due consideration
2 to the historical and continuing interest of the people of the state
3 of Missouri in encouraging deserving and qualified youths to
4 realize their aspirations for higher education, finds and declares
5 that higher education for residents of this state who desire such an
6 education and are properly qualified therefor is important to the
7 welfare and security of this state and the nation, and consequently
8 is an important public purpose. The general assembly finds and
9 declares that the state can achieve its full economic and social
10 potential only if every individual has the opportunity to contribute
11 to the full extent of his capabilities and only when financial
12 barriers to his economic, social and educational goals are removed.
13 It is, therefore, the policy of the general assembly and the purpose
14 of sections 173.200 to 173.230 to establish a financial assistance
15 program to enable qualified full-time students to receive
16 nonreligious educational services in a public or private institution
17 of higher education of their choice.]

[173.203. The financial assistance program established
2 under sections 173.200 to 173.230 shall be hereafter known as the
3 "Charles Gallagher Student Financial Assistance Program". The
4 coordinating board and all approved private and public institutions
5 in this state shall refer to the financial assistance program
6 established under sections 173.200 to 173.230 as the Charles
7 Gallagher student financial assistance program in their scholarship
8 literature, provided that no institution shall be required to revise
9 or amend any such literature to comply with this section prior to
10 the date such literature would otherwise be revised, amended,
11 reprinted or replaced in the ordinary course of such institution's
12 business.]

[173.205. As used in sections 173.200 to 173.230, unless the

2 context requires otherwise, the following terms mean:

3 (1) "Academic year", the period from August first of any
4 year through July thirty-first of the following year;

5 (2) "Approved private institution", a nonprofit institution,
6 dedicated to educational purposes, located in Missouri which:

7 (a) Is operated privately under the control of an
8 independent board and not directly controlled or administered by
9 any public agency or political subdivision;

10 (b) Provides a postsecondary course of instruction at least
11 six months in length leading to or directly creditable toward a
12 certificate or degree;

13 (c) Meets the standards for accreditation as determined by
14 either the North Central Association of Colleges and Secondary
15 Schools or by other accrediting bodies recognized by the United
16 States Office of Education or by utilizing accreditation standards
17 applicable to nondegree-granting institutions as established by the
18 coordinating board for higher education;

19 (d) Does not discriminate in the hiring of administrators,
20 faculty and staff or in the admission of students on the basis of
21 race, color, religion, sex, or national origin and is in compliance
22 with the Federal Civil Rights Acts of 1964 and 1968 and executive
23 orders issued pursuant thereto. Sex discrimination as used herein
24 shall not apply to admission practices of institutions offering the
25 enrollment limited to one sex;

26 (e) Permits faculty members to select textbooks without
27 influence or pressure by any religious or sectarian source;

28 (3) "Approved public institution", an educational institution
29 located in Missouri which:

30 (a) Is directly controlled or administered by a public agency
31 or political subdivision;

32 (b) Receives appropriations directly or indirectly from the
33 general assembly for operating expenses;

34 (c) Provides a postsecondary course of instruction at least
35 six months in length leading to or directly creditable toward a
36 degree or certificate;

37 (d) Meets the standards for accreditation as determined by

38 either the North Central Association of Colleges and Secondary
39 Schools, or if a public junior college created pursuant to the
40 provisions of sections 178.370 to 178.400, RSMo, meets the
41 standards established by the coordinating board for higher
42 education for such public junior colleges, or by other accrediting
43 bodies recognized by the United States Office of Education or by
44 utilizing accreditation standards applicable to the institution as
45 established by the coordinating board for higher education;

46 (e) Does not discriminate in the hiring of administrators,
47 faculty and staff or in the admission of students on the basis of
48 race, color, religion, sex, or national origin and is otherwise in
49 compliance with the Federal Civil Rights Acts of 1964 and 1968
50 and executive orders issued pursuant thereto;

51 (f) Permits faculty members to select textbooks without
52 influence or pressure by any religious or sectarian source;

53 (4) "Coordinating board", the coordinating board for higher
54 education;

55 (5) "Financial assistance", an amount of money paid by the
56 state of Missouri to a qualified applicant pursuant to sections
57 173.200 to 173.230;

58 (6) "Financial need", the difference between the financial
59 resources available to an applicant, as determined by the
60 coordinating board, and the applicant's anticipated expenses,
61 including tuition, mandatory fees, and board and room while
62 attending an approved private or public institution of
63 postsecondary education. In determining need the coordinating
64 board shall employ a formula similar to nationally recognized
65 comprehensive mechanisms for determining need, such as those of
66 the American College Testing Program or the College Scholarship
67 Service;

68 (7) "Full-time student", an individual who is enrolled in and
69 is carrying sufficient number of credit hours or their equivalent at
70 an approved private or public institution to secure the degree or
71 certificate toward which he is working in no more than the number
72 of semesters or their equivalent normally required by that
73 institution in the program in which the individual is enrolled.]

2 [173.210. The coordinating board shall be the
3 administrative agency for the implementation of the program
4 established by sections 173.200 to 173.235. The coordinating board
5 shall promulgate reasonable rules and regulations for the exercise
6 of its functions and the effectuation of the purposes of sections
7 173.200 to 173.235. It shall prescribe the form and the time and
8 method of filing applications and supervise the processing
9 thereof. The coordinating board shall determine the criteria for
10 eligibility of applicants and shall evaluate each applicant's
11 financial need. It shall select qualified recipients to receive
12 financial assistance, make such awards of financial assistance to
13 qualified recipients and determine the manner and method of
14 payment to the recipient. The coordinating board shall determine
15 eligibility for renewed assistance on the basis of annual
16 applications and annual evaluations of financial needs, giving
17 priority to renewal applicants over new applicants in dispensing
18 available funds in a given year. In awarding renewal grants, the
19 coordinating board may increase or decrease the amount of
20 financial assistance to an applicant if such action is warranted by
21 a change in the financial condition of the applicant, his spouse or
22 parents or the availability of funds for that year. As a condition to
23 consideration for initial or renewed assistance, the coordinating
24 board may require the applicant, his spouse and parents to execute
25 forms of consent authorizing the director of revenue of Missouri to
26 compare financial information submitted by the applicant with the
27 Missouri individual income tax returns of the applicant, his spouse
28 and parents for the taxable year immediately preceding the year
29 for which application is made, and to report any discrepancies to
the coordinating board.]

 [173.215. 1. An applicant shall be eligible for initial or
2 renewed financial assistance only if, at the time of his application
3 and throughout the period during which he is receiving such
4 assistance, he

5 (1) Is a citizen or a permanent resident of the United
6 States;

7 (2) Is a resident of the state of Missouri, as determined by

8 reference to standards promulgated by the coordinating board;

9 (3) Is enrolled, or has been accepted for enrollment, as a
10 full-time undergraduate student in an approved private or public
11 institution;

12 (4) Establishes that he has financial need;

13 (5) Has never been convicted in any court of an offense
14 which involved the use of force, disruption or seizure of property
15 under the control of any institution of higher education to prevent
16 officials or students in such institutions from engaging in their
17 duties or pursuing their studies; and

18 (6) No award shall be made under sections 173.200 to
19 173.230 to any applicant who is enrolled, or who intends to use the
20 award to enroll, in a course of study leading to a degree in theology
21 or divinity.

22 2. Financial assistance shall be allotted for one academic
23 year, but a recipient shall be eligible for renewed assistance until
24 he has obtained a baccalaureate degree, provided such financial
25 assistance shall not exceed a total of ten semesters or fifteen
26 quarters or their equivalent. Standards of eligibility for renewed
27 assistance shall be the same as for an initial award of financial
28 assistance.]

[173.225. If an applicant is granted financial assistance
2 under any other student aid program, public or private, the full
3 amount of such aid shall be reported to the coordinating board by
4 the institution and the recipient.]

[173.230. A recipient of financial assistance may transfer
2 from one approved public or private institution to another without
3 losing his eligibility for assistance under sections 173.200 to
4 173.230, but the coordinating board shall make any necessary
5 adjustments in the amount of his award. If a recipient of financial
6 assistance at any time withdraws from an approved private or
7 public institution so that under the rules and regulations of that
8 institution he is entitled to a refund of any tuition, fees, or other
9 charges, the institution shall pay the portion of the refund to which
10 he may be entitled attributable to the state grant for that term to
11 the coordinating board.]

1 [173.810. 1. There is hereby established the "Missouri
2 College Guarantee Program" which, from funds dedicated pursuant
3 to subsection 3 of section 313.835, RSMo, shall provide scholarships
4 for Missouri citizens to attend a Missouri college, university or
5 vocational or technical school of their choice.

6 2. The definitions of terms set forth in section 173.205,
7 shall be applicable to such terms as used in sections 173.810 to
8 173.827, except that for purposes of calculating financial need, the
9 calculated cost of attendance shall not exceed the average
10 calculated cost of attendance at the campus of the University of
11 Missouri which has the largest total enrollment, as determined by
12 the coordinating board; and the amount of book expenses shall not
13 exceed the book allowance established for this program by the
14 coordinating board. The term "scholarship" means an amount of
15 money paid by the state of Missouri to a qualified college,
16 university or vocational or technical school student who has
17 qualified for a scholarship pursuant to the provisions of sections
18 173.810 to 173.827.]

[173.813. The coordinating board for higher education shall
2 be the administrative agency for the implementation of the
3 program established by sections 173.810 to 173.827, and shall:

4 (1) Promulgate reasonable rules necessary to implement
5 sections 173.810 to 173.827, including rules for granting
6 scholarship deferments;

7 (2) Implement the form, schedule and method of awarding
8 scholarships as prescribed by the board established pursuant to
9 section 173.816, and shall supervise the processing of scholarships
10 at the direction of such board; and

11 (3) Select qualified recipients to receive scholarships, make
12 such awards of scholarships to qualified recipients and determine
13 the manner and method of payment to the recipient.]

[173.816. There is hereby created the "Missouri College
2 Guarantee Board" consisting of the state commissioner of
3 elementary and secondary education, two members of the state
4 board of education selected by the president of such board, the
5 state commissioner of higher education and one member of the

6 coordinating board for higher education selected by the president
7 of such board. Board members from the state board of education
8 and the coordinating board for higher education shall serve
9 three-year terms provided that one of the initial members from the
10 state board of education shall be designated by the president of
11 that board to serve a term of one year and the initial member from
12 the coordinating board for higher education shall serve a two-year
13 term. The board shall oversee the Missouri college guarantee
14 program and shall meet at least annually to receive a report from
15 the coordinating board for higher education on program
16 performance. The board, unless otherwise provided in sections
17 173.810 to 173.827, shall, by majority vote, establish the amount,
18 form, schedule, eligibility and method of awarding scholarships
19 pursuant to sections 173.810 to 173.827.]

[173.820. 1. A student shall be eligible for an initial or
2 renewed scholarship if such student is in compliance with the
3 eligibility requirements set forth in section 173.215, and in
4 addition meets the following requirements:

5 (1) Has a cumulative grade point average of at least two
6 and one-half on a four-point scale or equivalent on the student's
7 high school core curriculum and has completed a high school
8 curriculum satisfying the coordinating board's requirements for a
9 college preparatory or technical preparatory curriculum;

10 (2) Has received a score of twenty or higher on the general
11 American College Test (ACT) or a composite verbal and math score
12 of nine hundred and fifty or higher on the Scholastic Aptitude Test
13 (SAT);

14 (3) Has not been convicted of or pled guilty to any criminal
15 offense or been adjudicated to have committed an offense which
16 would constitute a criminal offense if committed by an adult;

17 (4) Has substantially participated in extracurricular
18 activities, as determined by the coordinating board; and

19 (5) For the purpose of renewal, remains in compliance with
20 the applicable provisions of section 173.215, and makes satisfactory
21 academic degree progress as a full-time student.

22 2. (1) A student seeking a scholarship pursuant to sections

23 173.810 to 173.827 shall maintain a cumulative grade point
24 average (GPA) of at least two point five on a four-point scale, or the
25 equivalent on another scale approved by the program administrator
26 while attending the approved public or private institution.

27 (2) If the grade point average of a member who is receiving
28 educational assistance pursuant to sections 173.810 to 173.827 falls
29 below two point five on a four-point scale, or the equivalent on
30 another scale, such member shall retain the educational assistance
31 and shall be placed on probation under the educational assistance
32 program. Failure to achieve a current grade point average of at
33 least two point five on a four-point scale, or the equivalent on
34 another scale for future semesters or equivalent academic terms
35 shall result in termination of the scholarship effective as of the
36 next academic term. The member shall be removed from probation
37 status upon achieving a cumulative grade point average of two
38 point five on a four-point scale or the equivalent on another scale.

39 3. Scholarships shall be offered beginning for any academic
40 term beginning within twenty-four months following the date of
41 graduation from high school to Missouri high school graduates who
42 meet the requirements of subsection 1 of this section. The
43 scholarship shall be applicable toward payment for tuition and
44 other fees and the costs of books and other education-related
45 expenses. The amount of the scholarship, regardless of the
46 institution attended, shall not exceed the current average cost of
47 tuition and fees at the campus of the University of Missouri which
48 has the largest total enrollment, as determined by the coordinating
49 board, and a book allowance as determined by the coordinating
50 board.

51 4. The amount of scholarship provided under sections
52 173.810 to 173.827 shall be based upon financial need as
53 determined under sections 173.810 to 173.827, shall be subject to
54 the maximum amount established in subsection 2 of this section
55 and shall be further reduced by the amount of any nonloan
56 need-based federal financial aid, all other nonloan need-based
57 assistance received by or on behalf of the student pursuant to other
58 provisions of this chapter and any other nonloan need-based state

59 financial aid which aid or assistance may be used for the purposes
60 established pursuant to subsection 2 of this section for scholarships
61 granted pursuant to sections 173.810 to 173.827.

62 5. A student who is enrolled or has been accepted for
63 enrollment as a postsecondary student at an approved private or
64 public institution beginning with the fall 1999 term and who meets
65 the other eligibility requirements for a scholarship pursuant to
66 sections 173.810 to 173.827 shall, within the limits of the funds
67 appropriated and made available, be offered a scholarship for the
68 first academic year of study as provided in sections 173.810 to
69 173.827. Such scholarship shall be renewable in like amount
70 annually for the second, third, fourth and fifth academic years, or
71 as long as the recipient is in compliance with the applicable
72 eligibility requirements set forth in section 173.215, provided such
73 years of study are continuous and the student continues to meet
74 eligibility requirements for the scholarship. If a recipient ceases
75 all attendance at an approved public or private institution for the
76 purpose of providing service to a nonprofit organization, a state or
77 federal government agency or any branch of the armed forces of the
78 United States, the recipient shall be eligible for a renewal
79 scholarship upon return to any approved public or private
80 institution, provided the recipient:

81 (1) Returns to full-time status within twenty-seven months;

82 (2) Provides verification, in compliance with rules of the
83 coordinating board, that the service to the nonprofit organization
84 was satisfactorily completed and was not compensated other than
85 for expenses or that the service to the state or federal
86 governmental agency or branch of the armed forces of the United
87 States was satisfactorily completed; and

88 (3) Meets all other requirements established for eligibility
89 to receive a renewal scholarship.]

[173.825. 1. A recipient of a scholarship awarded pursuant
2 to sections 173.810 to 173.827 may transfer from one approved
3 Missouri public or private institution to another without losing
4 eligibility for the scholarship. If a recipient of the scholarship at
5 any time withdraws from an approved private or public institution

6 so that under the rules and regulations of that institution such
7 recipient is entitled to a refund of any tuition, fees or other
8 charges, the institution shall pay the portion of the refund
9 attributable to the scholarship for that term to the coordinating
10 board for higher education.

11 2. Other provisions of sections 173.810 to 173.827 to the
12 contrary notwithstanding, if a recipient has been awarded an
13 initial scholarship pursuant to the provisions of sections 173.810
14 to 173.827 but is unable to use the scholarship during the first
15 academic year because of illness, disability, pregnancy or other
16 medical need or if a recipient ceases all attendance at an approved
17 public or private institution because of illness, disability,
18 pregnancy or other medical need, the recipient shall be eligible for
19 an initial or renewal scholarship upon enrollment in or return to
20 any approved public or private institution, provided the recipient:

21 (1) Enrolls in or returns to full-time status within
22 twenty-seven months;

23 (2) Provides verification of sufficient medical evidence
24 documenting an illness, disability, pregnancy or other medical need
25 of such person to require that the person will not be able to use the
26 initial or renewal scholarship during the time period for which it
27 was originally offered; and

28 (3) Meets all other requirements established for eligibility
29 to receive an initial or a renewal scholarship.]

[173.827. Upon recommendation of the coordinating board,
2 funds may be appropriated from the Missouri college guarantee
3 fund for distribution by the coordinating board as grants to any
4 approved public and private institution which submits an
5 application demonstrating how the institution will establish and
6 operate a mentoring program which ensures that at-risk students
7 receiving scholarships pursuant to sections 173.810 to 173.827 have
8 a positive educational experience at the institution.]

[173.830. The "Missouri College Guarantee Fund" is hereby
2 established in the state treasury. The state treasurer shall
3 administer the fund, and the moneys in the fund shall be used
4 solely by the coordinating board for higher education pursuant to

5 sections 173.810 to 173.827 for the awarding of scholarships to
6 eligible students and for other purposes specified pursuant to
7 sections 173.810 to 173.827; provided that moneys in the fund may
8 be used to fund graduate study scholarships provided pursuant to
9 section 173.727. Any interest which accrues to the fund shall
10 remain in the fund and shall be used in the same manner as
11 moneys which are transferred to the fund. Notwithstanding the
12 provisions of section 33.080, RSMo, to the contrary, moneys in the
13 Missouri college guarantee fund at the end of any biennium shall
14 not be transferred to the credit of the general revenue fund.]

Section B. Because of the need to provide affordable higher education
2 funding for the students of this state, section A of this act is deemed necessary
3 for the immediate preservation of the public health, welfare, peace and safety,
4 and is hereby declared to be an emergency act within the meaning of the
5 constitution, and section A of this act shall be in full force and effect upon its
6 passage and approval.

Bill ✓

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